

LOUISIANA CRISIS ASSISTANCE CENTER

**FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT**

DECEMBER 31, 2013

LOUISIANA CRISIS ASSISTANCE CENTER

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisiana Crisis Assistance Center

Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Crisis Assistance Center (a non-profit organization), which comprise the statement of the financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Crisis Assistance Center as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Louisiana Crisis Assistance Center's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 15, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2014, on our consideration of Louisiana Crisis Assistance Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Crisis Assistance Center's internal control over financial reporting and compliance.

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
May 14, 2014

LOUISIANA CRISIS ASSISTANCE CENTER

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

ASSETS

**SUMMARIZED
COMPARATIVE
INFORMATION
DECEMBER 31, 2012**

Cash	\$ 552,084	\$ 481,203
Investments (Notes A5 and B)	606,831	607,072
Receivables		
Grants	-	99,859
Other	<u>8,616</u>	<u>-</u>
	<u>8,616</u>	<u>99,859</u>
Land, property, and equipment-at cost (Notes A6 and C)	369,110	370,899
Deposits	<u>5,850</u>	<u>5,850</u>
Total assets	<u>\$ 1,542,491</u>	<u>\$ 1,564,883</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	\$ 18,402	\$ 44,370
Pension contribution payable	<u>41,784</u>	<u>40,187</u>
Total liabilities	<u>60,186</u>	<u>84,557</u>
Net assets		
Unrestricted	1,258,341	1,410,724
Temporarily restricted (Note D)	<u>223,964</u>	<u>69,602</u>
Total net assets	<u>1,482,305</u>	<u>1,480,326</u>
Total liabilities and net assets	<u>\$ 1,542,491</u>	<u>\$ 1,564,883</u>

The accompanying notes are an integral part of this financial statement.

LOUISIANA CRISIS ASSISTANCE CENTER

STATEMENT OF ACTIVITIES

For the year ended December 31, 2013

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012</u>
REVENUE				
Grants and fees	\$ -	\$ 1,238,306	\$ 1,238,306	\$ 1,293,463
Contributions	5,656	-	5,656	23,374
Interest income	59	-	59	55
Other	102,922	-	102,922	102,800
Net assets released from restrictions	<u>1,083,944</u>	<u>< 1,083,944 ></u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,192,581</u>	<u>154,362</u>	<u>1,346,943</u>	<u>1,419,692</u>
EXPENSES				
Salaries	835,688	-	835,688	803,743
Fringe benefits	177,595	-	177,595	178,644
Travel	66,663	-	66,663	37,100
Litigation expense	28,556	-	28,556	89,558
Occupancy expense	105,522	-	105,522	137,557
Office expense	69,787	-	69,787	62,623
Postage	3,188	-	3,188	4,471
Professional fees	14,559	-	14,559	13,556
Training	7,395	-	7,395	3,139
Vehicle expense	3,670	-	3,670	43,292
Depreciation	20,402	-	20,402	20,183
Other	<u>11,939</u>	<u>-</u>	<u>11,939</u>	<u>15,759</u>
Total expenses	<u>1,344,964</u>	<u>-</u>	<u>1,344,964</u>	<u>1,409,625</u>
Increase <decrease> in net assets	< 152,383 >	154,362	1,979	10,067
Net assets, beginning of year	<u>1,410,724</u>	<u>69,602</u>	<u>1,480,326</u>	<u>1,470,259</u>
Net assets, end of year	<u>\$ 1,258,341</u>	<u>\$ 223,964</u>	<u>\$ 1,482,305</u>	<u>\$ 1,480,326</u>

The accompanying notes are an integral part of this financial statement.

LOUISIANA CRISIS ASSISTANCE CENTER

STATEMENT OF CASH FLOWS

For the year ended December 31, 2013

**SUMMARIZED
COMPARATIVE
INFORMATION**
For the year ended
December 31, 2012

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Increase <decrease> in net assets	\$ 1,979	\$ 10,067
Adjustments to reconcile increase <decrease> in net assets to net cash provided by <used in> operating activities:		
Depreciation	20,401	20,183
Changes in assets and liabilities:		
<Increase> decrease in grant receivable	99,859	< 99,859>
<Increase> decrease in other receivable	< 8,616>	-
Increase <decrease> in accounts payable and accrued liabilities	< 25,968>	3,783
Increase <decrease> in pension contribution payable	<u>1,597</u>	<u>< 6,641></u>
Net cash provided by <used in> operating activities	<u>89,252</u>	<u>< 72,467></u>
Cash flows from investing activities:		
Proceeds from sale of investment	300	150
Purchase of investments	< 59>	< 55>
Purchase of transportation equipment	<u>< 18,612></u>	<u>-</u>
Net cash provided by investing activities	<u>< 18,371></u>	<u>95</u>
Net increase <decrease> in cash and cash equivalents	70,881	< 72,372>
Cash and cash equivalents, beginning of year	<u>481,203</u>	<u>553,575</u>
Cash and cash equivalents, end of year	<u>\$ 552,084</u>	<u>\$ 481,203</u>

The accompanying notes are an integral part of this financial statement.

LOUISIANA CRISIS ASSISTANCE CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. **Nature of Activities**

The Louisiana Crisis Assistance Center is a nonprofit organization committed to provide quality legal representation of indigent people facing the death penalty in Louisiana.

2. **Financial Statement Presentation**

The financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958. Accordingly, the net assets of the corporation are reclassified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the organization maintains them permanently. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets.

3. **Revenue Recognition**

Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as “net assets released from restrictions”.

Grant revenue is recognized as it is earned in accordance with approved contracts.

LOUISIANA CRISIS ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Receivables

The corporation considers accounts receivable to be fully collectible since the balance consists primarily of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

5. Investments

Under FASB ASC 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains or losses are included in the change in net assets.

6. Property, Building and Equipment

The Louisiana Crisis Assistance Center records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. The depreciation expense for the year ended December 31, 2013 totaled \$20,402.

It is the policy of the corporation to capitalize all property, furniture and equipment with an acquisition cost in excess of \$5,000.

7. Cash equivalents

For purposes of the statement of cash flows, the corporation considers all demand deposit accounts and investments with original maturities of three months or less to be cash equivalents.

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

9. Fair Values of Financial Instruments

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

LOUISIANA CRISIS ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Functional Allocation of Expenses

The expenses of providing the program and other activities have been summarized on a functional basis in Note G. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

11. Subsequent Events

The subsequent events of the corporation were evaluated through the date the financial statements were available to be issued (May 14, 2014).

12. Summarized Comparative Information

Summarized comparative information is presented only to assist with financial analysis. Data in these columns do not present financial position or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B – INVESTMENTS

Investments, cost and approximate market value at December 31, 2013, consist of the following:

	<u>Fair Market Value</u>	<u>Cost</u>
Money market fund	\$ 606,831	\$ 606,831

NOTE C – LAND, PROPERTY, AND EQUIPMENT

Land, property and equipment at December 31, 2013 consist of the following:

Building	\$ 95,426
Building improvements	346,562
Equipment	49,260
Transportation equipment	<u>20,141</u>
	511,389
Less accumulated depreciation	<u>< 202,279 ></u>
	309,110
Land	<u>60,000</u>
	<u>\$ 369,110</u>

LOUISIANA CRISIS ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE D – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2013 consist of the following:

State of Louisiana – Public Defender Board	\$ 202,682
University of Chicago Law School	<u>21,282</u>
	<u>\$ 223,964</u>

NOTE E – INCOME TAXES

The Louisiana Crisis Assistance Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Louisiana Crisis Assistance Center has adopted the provisions of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Louisiana Crisis Assistance Center does not believe its financial statements include any uncertain tax positions. The tax returns for the year ended December 31, 2010, 2011, and 2012 remain open for examination by the Internal Revenue Service. The tax return for the year ended December 31, 2013 has not been filed as of the report date.

NOTE F - BOARD OF DIRECTORS COMPENSATION

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2013.

NOTE G – FUNCTIONAL EXPENSES

The functional expenses for the year ended December 31, 2013 consist of the following:

Program services	
Indigent defense services	\$ 1,157,039
Supportive services	
Management and general	<u>187,925</u>
Total expenses	<u>\$ 1,344,964</u>

LOUISIANA CRISIS ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE H – FAIR VALUE MEASUREMENT

FASB ASC 820-10, Fair Value Measurement, requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope are included in the table below.

<u>Fair Value Measurement of Reporting Date</u>				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 606,831	\$ 606,831	\$ -	\$ -

The assumptions to estimate fair values are as follows:

The fair market value of marketable securities are based on quoted market prices for those or similar investments.

NOTE I – RETIREMENT PLAN

The Corporation sponsors a defined contribution pension plan covering all employees. The corporation decides the amount, if any, to contribute each year based on a percentage of annual compensation. The percentage for the year ended December 31, 2013 was 5%, the same as the prior year, or \$41,784.

LOUISIANA CRISIS ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2013

NOTE J - CONCENTRATION OF CREDIT RISK

As of December 31, 2013, the corporation's cash balances consist of the following:

Cash balance, per bank statements	\$ 1,178,677
Less: FDIC insurance	< 250,000>
SPIC insurance	<u>< 500,000></u>
Unsecured balances	<u>\$ 428,677</u>

The Louisiana Crisis Assistance Center invests in money market funds. Investments are subject to various risks; such as interest rate, credit and overall market volatility risk.

NOTE K – ECONOMIC DEPENDENCY

The Louisiana Crisis Assistance Center received the majority of its revenue from funds provided by the State of Louisiana Public Defender Board. The contract amounts are appropriated each year by the state government. If significant budget cuts are made at the state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

The corporation's support through state contracts totaled 92% for the year ended December 31, 2013.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Louisiana Crisis Assistance Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Crisis Assistance Center (a non-profit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Crisis Assistance Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Crisis Assistance Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Crisis Assistance Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Crisis Assistance Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Juston J. Scanlon, CPA, LLC

New Orleans, Louisiana
May 14, 2014

LOUISIANA CRISIS ASSISTANCE CENTER
SCHEDULE OF FINDINGS AND RESPONSES

For the year ended December 31, 2013

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no significant deficiencies for the year ended December 31, 2013.

B. COMPLIANCE AND OTHER MATTERS

There were no compliance and other matters noted for the year ended December 31, 2013.

C. QUESTIONED COSTS

There were no questioned costs for the year ended December 31, 2013.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

	<u>Significant Deficiencies</u>	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Audit Findings</u>
2012-1. Segregation of Duties		X		